

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 AID-05 SSO-00 PA-01 PRS-01 EB-08
IGA-02 CIAE-00 DODE-00 PM-05 H-01 INR-07 L-03
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TRSE-00 ABF-01 /067 W
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FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC IMMEDIATE 9087

INFO AMEMBASSY BRIDGETOWN

AMEMBASSY GEORGETOWN

AMEMBASSY NASSAU

AMEMBASSY PORT OF SPAIN

C O N F I D E N T I A L KINGSTON 0122

E.O. 11652: GDS

TAGS: EADI, EFIN, PINT, JM, IMF

SUBJECT: MINISTER OF STATE FOR PLANNING ON IMF

REF: KINGSTON 0118

1. DURING THE COURSE OF A CONVERSATION WITH AN EMBASSY OFFICER ON JANUARY 6, MINISTER OF STATE FOR PLANNING RICHARD FLETCHER REFERRED BRIEFLY TO A COLUMN IN THE MORNING'S "GLENER" BY WILMOT PERKINS REGARDING JAMAICA'S ALLEGED FAILURE TO MEET TARGETS ESTABLISHED BY THE INTERNATIONAL MONETARY FUND (IMF) IN ITS STANDBY AGREEMENT WITH JAMAICA. AFTER STATING THAT JAMAICA IS IN SERIOUS STRAITS AS A RESULT OF TRINIDAD'S FAILURE TO PROVIDE THE ANTICIPATED \$45 MILLION DOLLAR LOAN, AND THAT VERY SERIOUS NEGOTIATIONS WITH THE IMF LIE AHEAD, FLETCHER SAID THAT HOWEVER DIFFICULT JAMAICA'S POSITION MAY BE, HE IS CONVINCED THAT THE NEGOTIATIONS WITH THE IMF REGARDING AN EXTENDED FUND FACILITY (EFF) NEED POSE NO DOMESTIC PROBLEMS FOR THE RULING PEOPLE'S NATIONAL PARTY (PNP),
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SCHEDULED TO HOLD ITS RESUMED ANNUAL CONFERENCE NEXT MONTH.

2. FLETCHER WENT ON TO SAY THAT A CHANGE IN PERSONNEL DEALING WITH JAMAICA STANDBY AT IMF (ROBITCHEK FOR SANSON) HAS RESULTED IN A FAR MORE FLEXIBLE APPROACH TO JAMAICA'S DIFFICULTIES. THE PLANNING MINISTER THEN SAID THAT THERE HAS BEEN A

DISTINCT CHANGE IN REGARD TO (A) BUDGET DEFICITS AND (B) THE USE OF MULTIPLE RATES. RE THE FORMER, FLETCHER SAID THAT THE REQUIREMENT OF BUDGET LIMITS VIS-A-VIS CONSUMPTION REMAINS INTACT. HOWEVER, INSOFAR AS INVESTMENT IS CONCERNED, THE LIMITS ARE "OUT". THE IMF RECOGNIZES THE NEED TO PROMOTE GROWTH, HE SAID, RE EXCHANGE RATES, THE PLANNING MINISTER SAID THAT THE IMF RECOGNIZES NOW THAT A UNIFIED RATE IS NOT NECESSARY. HE ADDED THAT WE SHOULD EXPECT TO SEE SHIFTS IN THE ITEMS COVERED BY THE BASIC AND SPECIAL RATES, AND SOME USE OF BUDGETARY SUBSIDIES WHEN CERTAIN ITEMS ARE MOVED FROM THE BASIC TO THE SPECIAL RATE. "WE WILL JIGGLE AND WE WILL JUGGLE." HE SAID.

3. COMMENT: FOR REASONS NOT CLEAR TO US, FLETCHER IS PRESSING WHAT APPEARS TO BE AN OVERLY-OPTIMISTIC ASSESSMENT OF THE PROSPECTS FOR GOJ/IMF ACCOMODATION, AND OF THE IMPACT OF THIS ISSUE ON DOMESTIC JAMAICAN POLITICS -- PARTICULARLY WITHIN THE CONTEXT OF THE FORTHCOMING PNP CONFERENCE.
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